



CITY OF DURHAM | NORTH CAROLINA

Date: April 16, 2013
To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Contract MR-10 - Residential Meter Replacement Project Phase IV – Vanguard Utility Service, Inc.

Executive Summary:

The Department of Water Management received bids on Thursday, April 4, 2013 for Contract MR-10, 2013 Residential Meter Replacement Phase IV. The proposed project consists of upgrading 13,250 manual-read residential water meters to new remote-read meters. This project is the fourth and final phase of the Residential Meter Replacement Program (AMR). Phase II was completed in June of 2012, and Phase III is scheduled to be completed in July of 2013. The bid received from Vanguard Utility Service, Inc. is the lowest responsive and responsible bid.

Recommendations:

The Department recommends that the City Council:

1. Authorize the City Manager to execute a contract with Vanguard Utility Service, Inc. for Contract MR-10 Residential Meter Replacement Project Phase IV for \$3,333,405.00.
2. Establish a contingency fund for the contract in the amount of \$332,595.00 and
3. Authorize the City Manager to negotiate change orders for the contract provided that the cost of all change orders does not exceed \$332,595.00 and the total project cost does not exceed \$3,666,000.00.

Background:

The City's Automated Meter Reading (AMR) project, once fully implemented, will serve as a multi-faceted efficiency tool, benefiting both the City and the customer. AMR will enable City forces to read the 87,000 plus accounts in the City's service area efficiently and effectively each month with considerably less resources. Recent experience with previously completed phases indicates that AMR technology is leading to quicker detection and repair of leaks in customers' facilities and detection of malfunctioning or tampered meters. This information, coupled with analytical data available from the meters, is helping utility staff and customers better manage the City's water supply and saving thousands of gallons of potable water over the course of a year.

Issues and Analysis:

This project is the fourth phase of the AMR meter replacement program and will replace an additional 13,250 meters. Pending Council approval of this contract award, staff plans to issue the notice to proceed for Phase IV in mid-June, with a late July 2013 start date for installation.

The Department of Water Management formally advertised this project for bid on February 15, 2013. Only one bid was received on the original March 19, 2013 due date. Per North Carolina statute and City guidelines, the project was re-advertised to solicit additional bids. At the second bid opening, two bids were received and opened:

Vanguard Utility Service Inc	\$3,333,405.00
RTS Water Solutions, LLC	\$3,714,328.75

The project was advertised with a base bid and alternate bid, however only the base bid is recommended for award. The lowest responsible and responsive bidder is Vanguard Utility Service, Inc.

Alternative:

Do not enter in to a contract with Vanguard Utility Service, Inc and terminate the meter replacement program. Under this alternative, the upgrade of older style meters to the new AMR meter will cease, and approximately 85% of the City would be read remotely and 15% would be read manually. This alternative would result in two types of meter reads, resulting in inconsistency between neighborhoods and decreasing accuracy of readings as the existing meters age. This alternative would complicate a future transition to monthly billing.

Financial Impacts:

Funds for this contract are budgeted in the Automated Meter Replacement Project in the City's Capital Improvement Program and in the operating budget of the Department. There are currently funds available for this contract:

4100P762-731000-P0415 (Construction)	\$ 169,282.55
4100P007-731000-P0415 (Construction)	\$ 3,164,122.45
4100P007-731900-P0415 (Contingency)	\$ 332,595.00

SDBE Summary:

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Vanguard Utility Service, Inc. of Owensboro, Kentucky to determine compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. It was determined that Vanguard Utility Service, Inc was in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

There were no SD BE requirements for this project.

WORKFORCE STATISTICS

The workforce statistics for Vanguard Utility Service, Inc are as follows:

Total Workforce	63	
Total Females	10	16%
Total Males	53	84%
Black Males	9	14%
White Males	40	64%
Other Males	4	6%
Black Females	1	2%
White Females	9	14%

Other Females	0	0%
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